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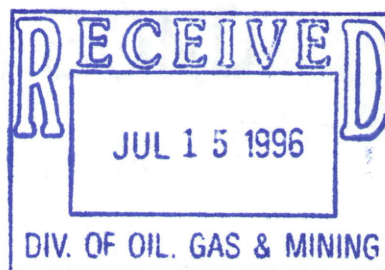
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## North Lily Mining Company

July 12, 1996

State of Utah  
Department of Natural Resources  
Division of Water Quality  
P.O. Box 144870  
Salt Lake City, Utah 84114-4870  
Attn: Dennis Fredrick



Subject: Grading/contouring of heap leach pad at North Lily's Silver City operation.

Dear Mr. Fredrick:

In order for North Lily to meet seasonal dates the following partial closure plan is submitted for your consideration and approval:

1. The following procedures will be used of determine whether free cyanide in the spent ore has been neutralized to satisfactory level. A total of ten drill holes have been planned on 200 foot centers. Refer to Cross Section and Drill Hole Location Map for drill hole locations.

All drill holes will be sampled on 10 foot intervals. Each sample will contain a minimum of 100 grams as an aliquot of the sample taken. If the heap leach pad is 30 feet or less in depth the sample will be taken at 25, 50, and 75 percent of the drill hole depth. No holes will be drilled nor will samples be taken within 3 feet above the flexible membrane to avoid penetration of the liner.

The neutralized heap leach pad will be tested to meet the following criteria. Free cyanide will not exceed the following levels in the filtrate portion of a 5/1 extraction.

1. Ninety percent of at least 10 samples shall not contain less than 10 mg/l free cyanide in the filtrate.
2. None of the samples shall contain more than 20 mg/l free cyanide in the filtrate.
3. For any sample location that indicates a free cyanide level in excess of 20 mg/l in the filtrate, the aerial extent of the inadequately detoxified area will be determined and detoxified.

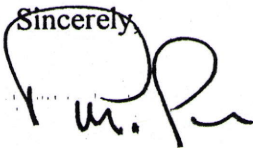
2. Measurements for eight cross sections were taken around the existing heap leach pad, to determine the existing slopes. Refer to Cross Section and Drill Hole location Map for cross section locations and Cross Section Maps A-A' to H-H' for the existing heap leach pad slopes. From the cross sections A-A' to H-H' a contour map was generated and is titled Existing Heap Leach Contour Map.

Based on the cross section information, a plan has been prepared to grade and contour the heap leach slopes. Using dozers, scrapers, and other pieces of heavy equipment the existing slopes will be recontoured to a 3 to 1 slope. Refer to the Proposed Heap Leach Contour Map for a conceptional view of the proposed slopes.

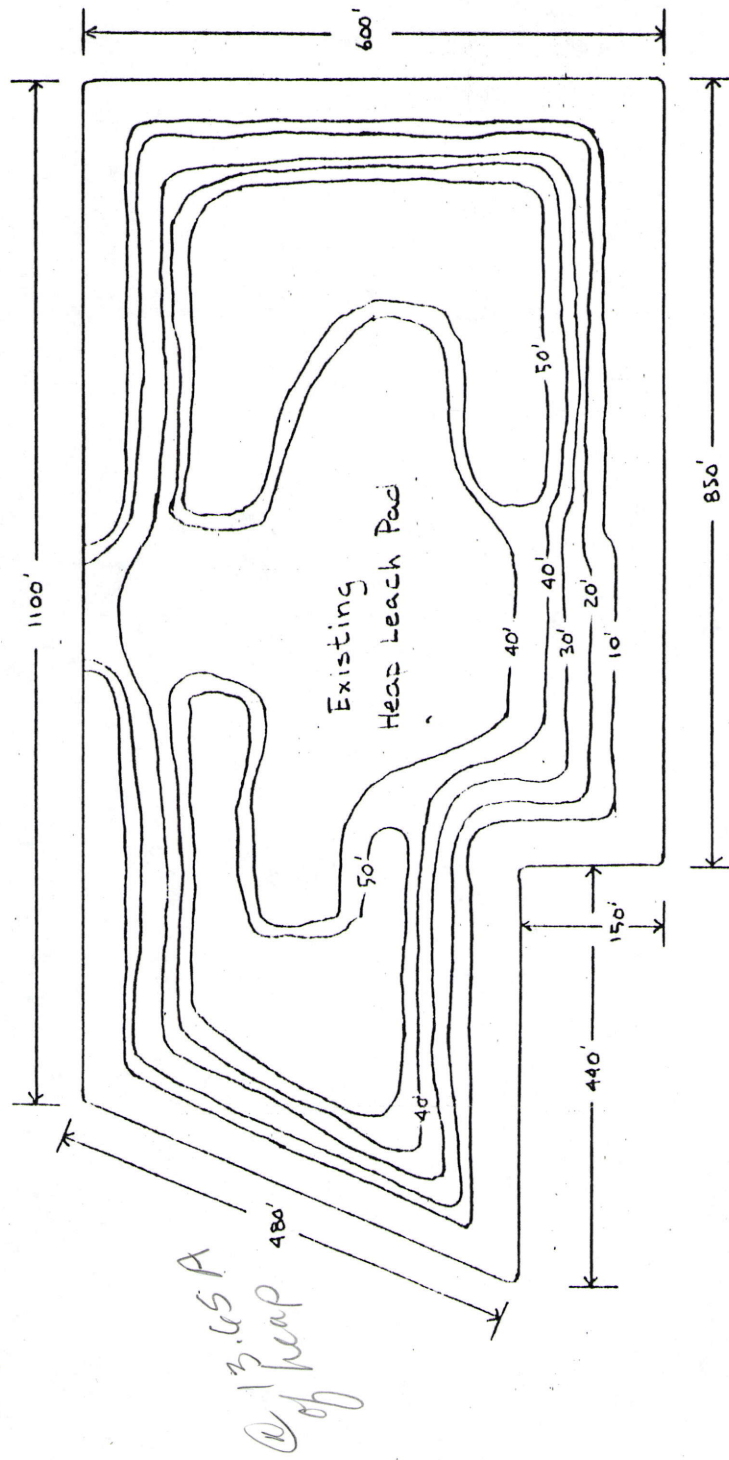
The spillways on the down slope side of the heap leach pad will have a 6 inch pad cushion of finely crushed material placed in the bottom of the spillway. This cushion will be overlaid by course gravel to act as a medium to transport runoff from the graded/contoured heap leach pad.

North Lily would like to start the above described work within the next month. Your earliest consideration would be appreciated. If you have any questions or concerns please call or fax.

Paul C. Spor  
North Lily Mining Company  
390 South 600 East  
St. George, Utah 84770  
Phone/Fax 801-634-1584

Sincerely,  
  
Paul C. Spor  
General Manager

cc: Roger A. Foisy, Division of Water Quality  
Tom Munson, Division of Oil, Gas, and Mining



Existing Heap Leach Contour Map

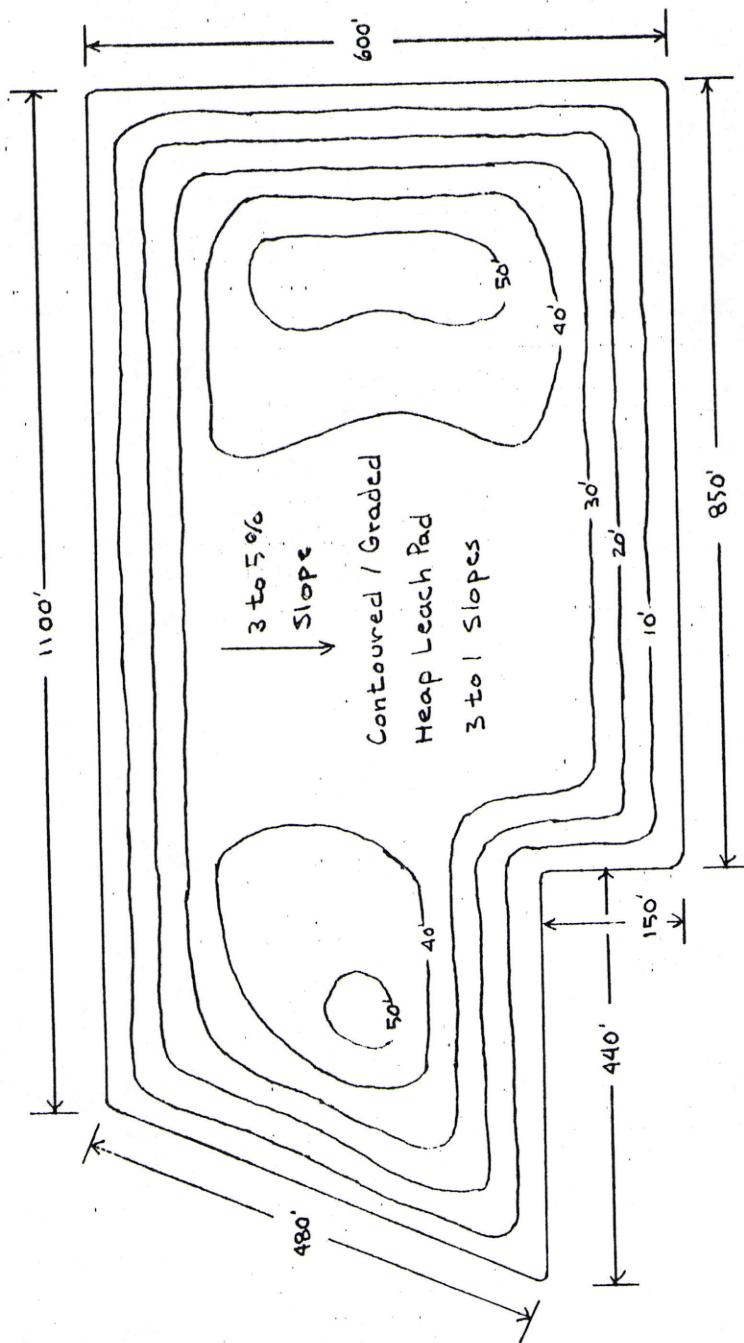
North Lily Mining Co

Scale: 1" = 200'

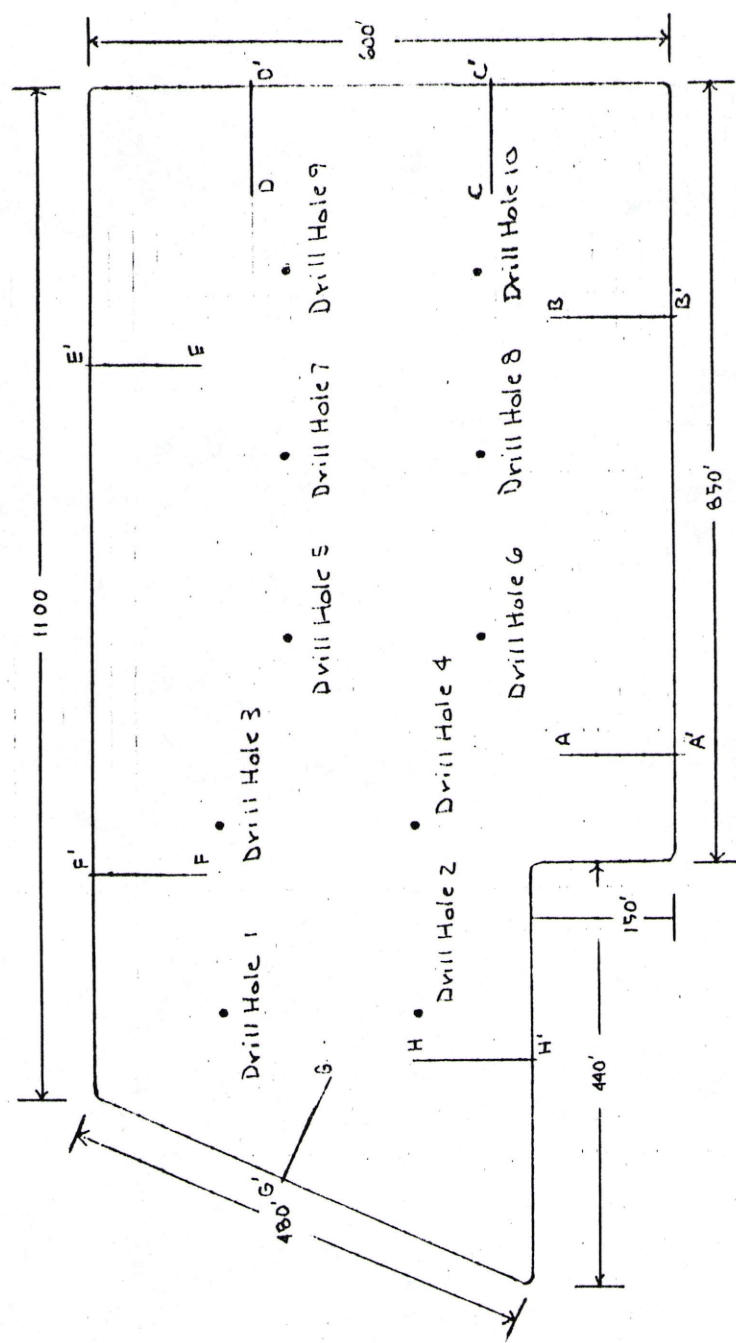
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By: Paul Spor

Map: 1 of 7



Proposed Heap Leach Contour Map  
North Lilly Mining Co.  
Scale : 1" = 200'  
Date : July 1996  
By : Paul Spar  
Map 2 of 7



Cross Section and Drill Hole

Location Map

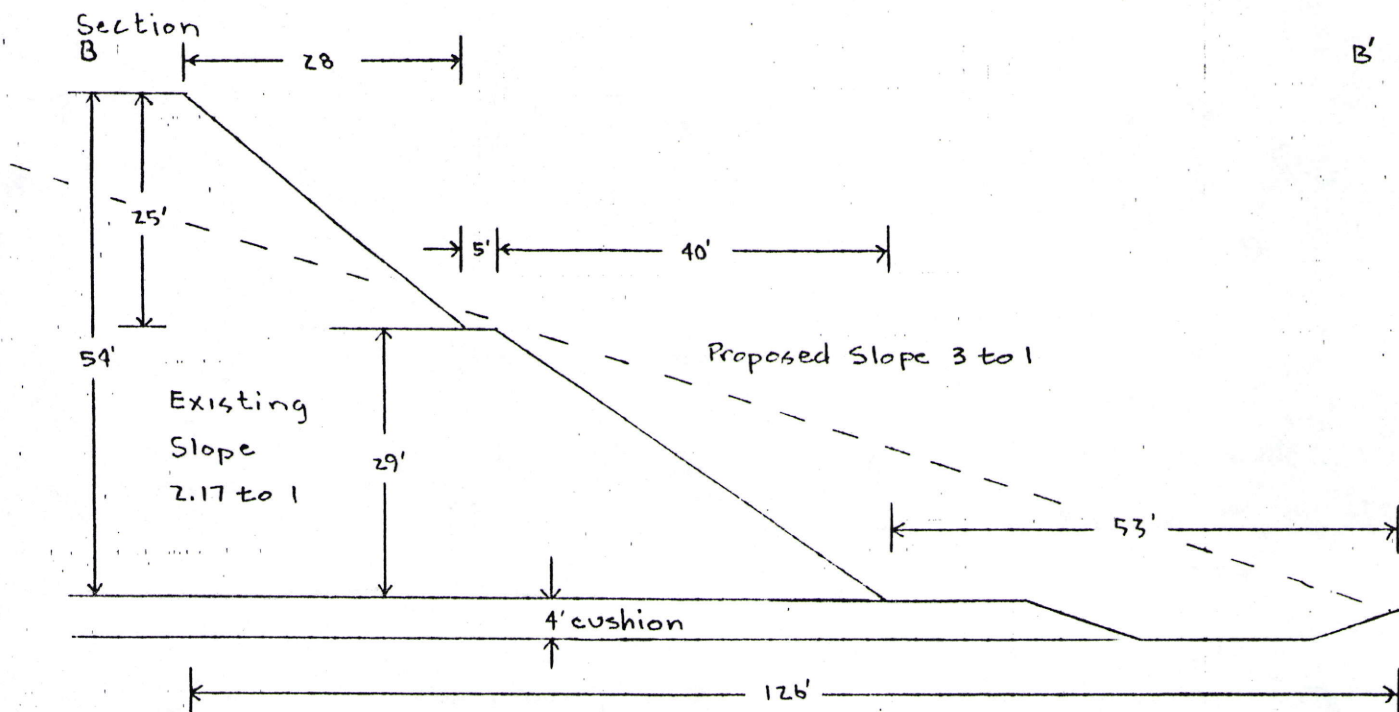
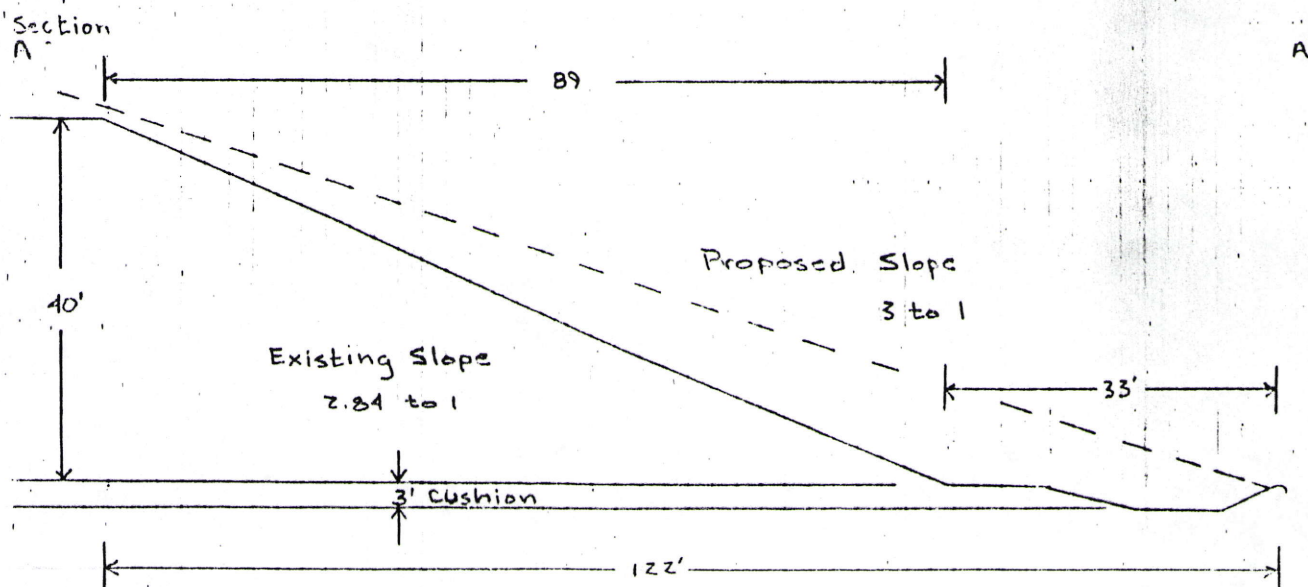
North Lily Mining Co

Scale: 1" = 200'

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Map: 3 of 7



Cross Section Map AA' & BB'

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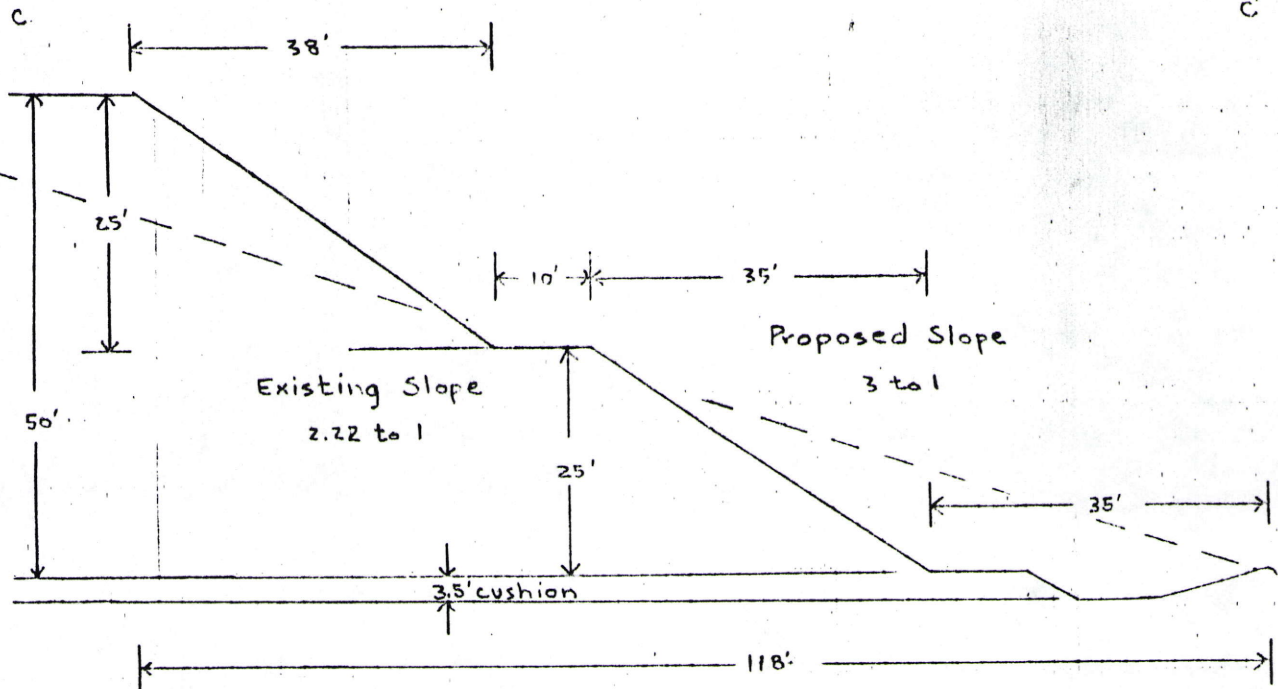
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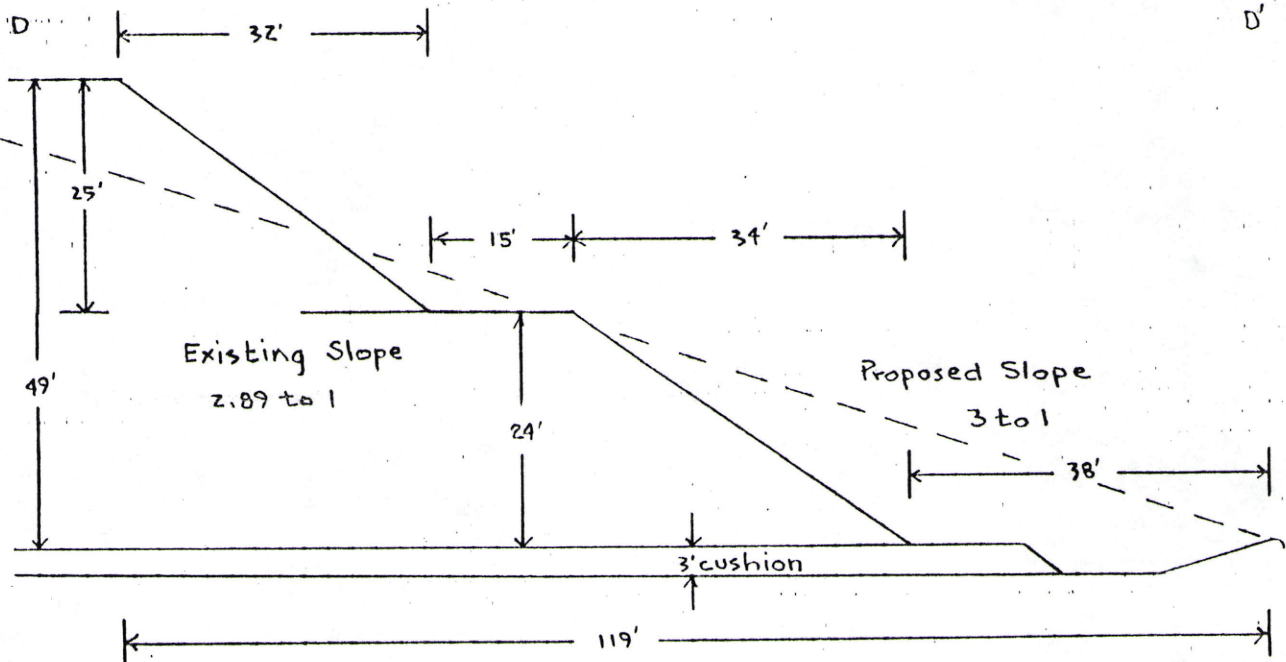
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Map: 4 of 7

Section



Section



Cross Section Map CC' & DD'

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Scale: 1" = 20'

Date: July 1996

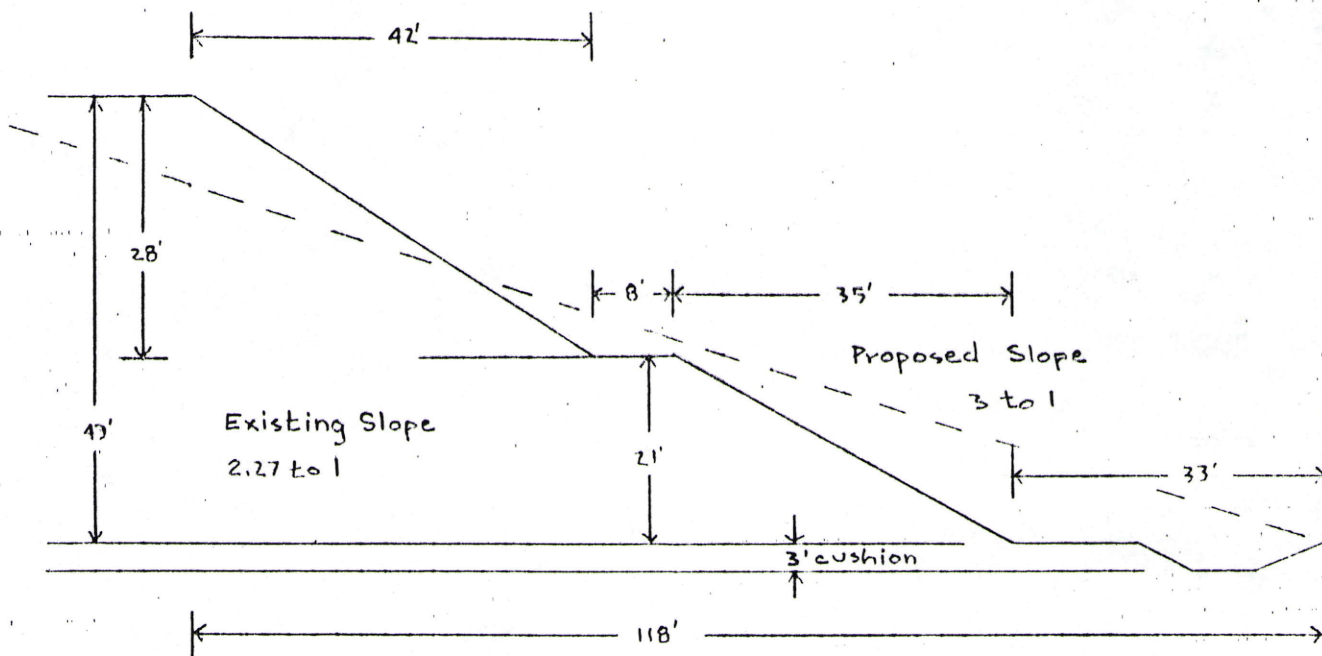
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Map: 5 of 7

Section

E

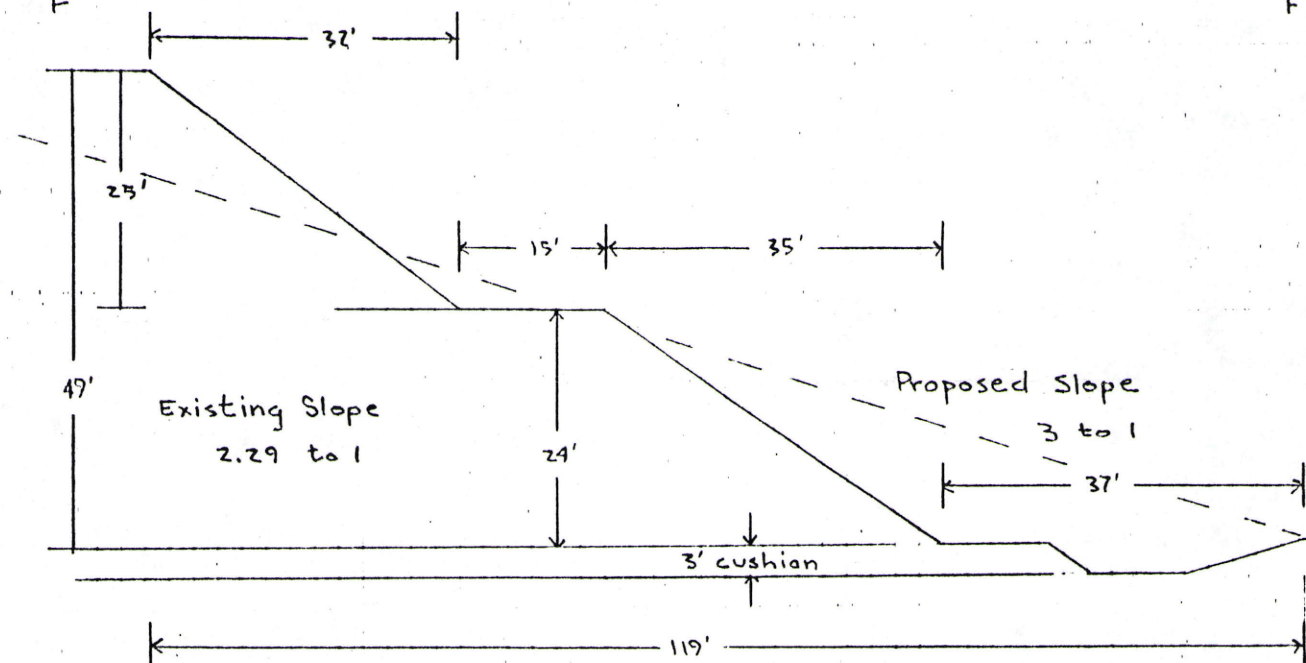
E'



Section

F

F'



Cross Section Map EE' & FF'

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Scale: 1" = 20'

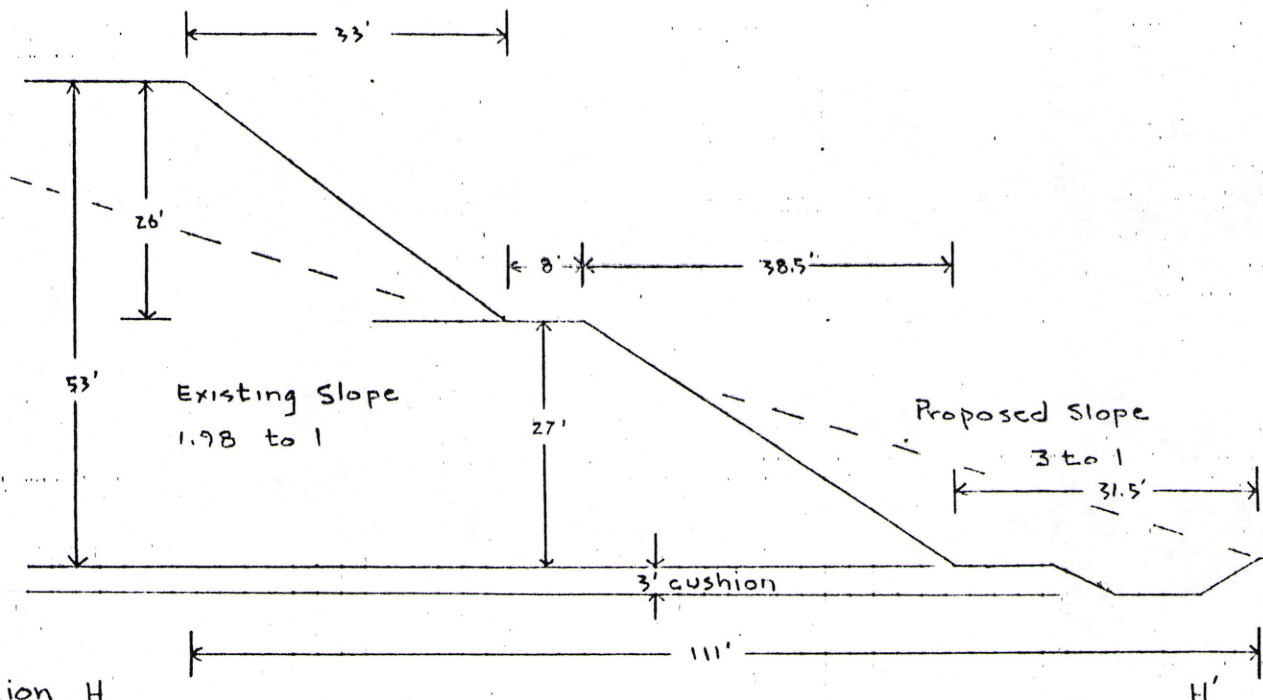
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Map: 6 of 7

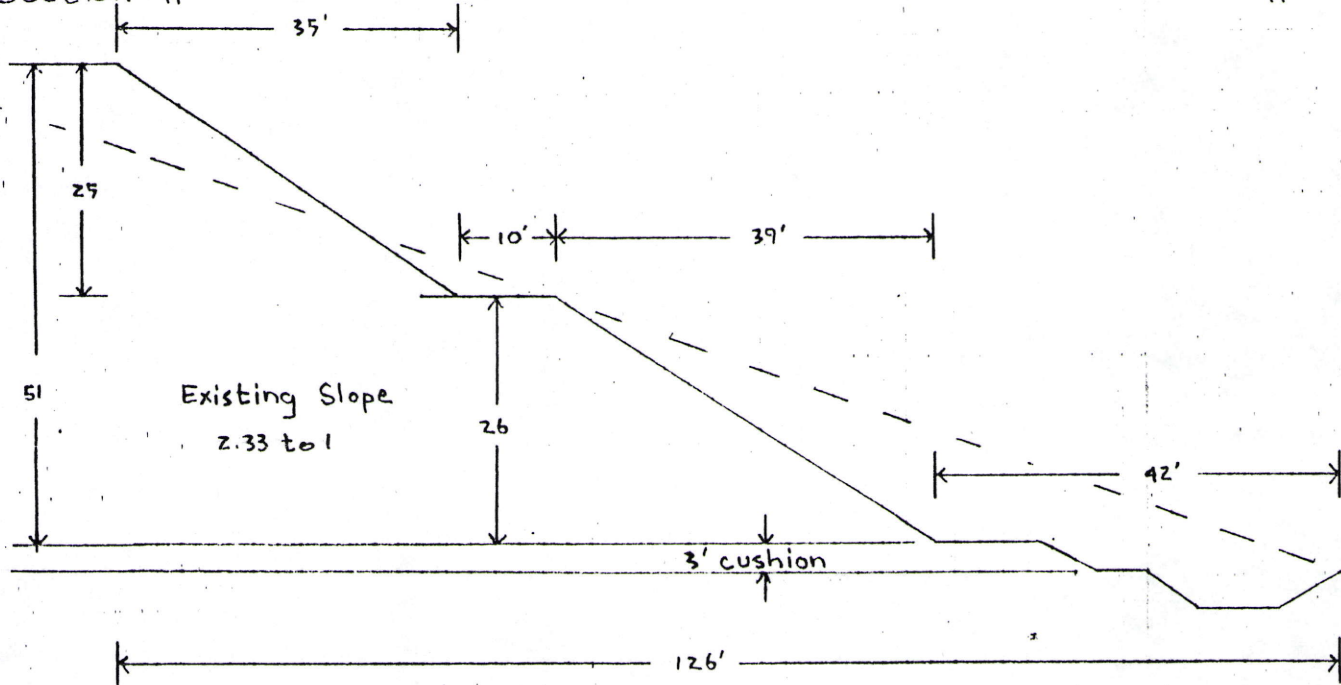
Section  
G

G'



Section H

H'



Cross Section GG' & HH'  
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 Scale: 1" = 20'  
 Date: July 1996  
 By: PAUL SPOR  
 Map 7 of 7